

ISSUE DESCRIPTION

ISSUE OF BONDS IN THE ICELANDIC SECURITIES DEPOSITORY SYSTEM

Section 1.

General Information Regarding the Issuer.

- 1.1 The name of the issuer, its ID number, authorisation for issue, date of foundation, registered address and main office if not located at the registered address.
The name of the issuer is Clearwater Finance Inc., incorporated in Canada, under the Canada Business Act, corporation no. 616284-3 and CRA Business no. 870517307RC0001. Its Icelandic ID number is 690805 – 9950.

The issue of the bonds was approved by the issuer's management on the 19th of August..

The issuer was incorporated in Canada on 21 November 2003. The head office is located in 10 Fort William Place, St. John's, Canada.

- 1.2 The names and ID numbers of the issuer's representatives.
*Bob Wight (SIN no. 112 200 431), President and Director.
Stan Spavold (SIN no. 116 610 791), Secretary, Treasurer, Director.*
- 1.3 Acts and regulations which the issuer operates under if the operations of the issuer are subject to special legislation.
The issuer is a Canadian limited liability company incorporated and operating under the laws of Canada, including the Canada Business Act.

Section 2.

Information Regarding the Issue:

- 2.1 The account operator that manages payments on behalf of the issuer, if the issuer is not an account operator.
Íslandsbanki hf., kt. 550500-3530, Kirkjusandi, 155 Reykjavík.
- 2.2 The total amount of the issue, per nominal value unit, base index, currency, price indexation, redemption price, and nominal interest rate. The principal bond shall also include other items which form the terms and conditions of the issue, such as due date(s) of interest and instalment date(s), and whether the original total amount may be increased. Also, conditions for interest rate changes if variable or multiple interest rates are provided for.

Trading symbol:	CF 05 1
ISIN:	IS0000010999
Currency:	ISK
Amount:	2,460,000,000
Type of Facility	Senior Unsecured Bond
Face value:	10,000,000
Date of issue:	26 September 2005.
Maturity:	27 September 2010
Structure:	Bullet bond - fixed rate
First day of interests:	26 September 2005
Interest payment date:	Maturity
Interest:	Interest will accrue annually at a rate of 6,7% and will be calculated on the basis of 30/360. Interest will be calculated after changes in the Consumer Price Index (the "CPI") have been added or deducted from the principal amount of the Bonds.
Index:	CPI September 2005, 243,2 points.
Default:	In case payments of principal or interest are not made latest three business days after the due dates thereof, the entire indebtedness will be deemed to have fallen due. The maximum legally permitted deferred interest shall be charged on the indebtedness in default as this is determined by the Central Bank of Iceland at each given time, cf. Art. 1 of Act No. 38/2001 on interest and price indexation. There is authority to effect attachment for security of the indebtedness of the Borrower under the bonds without prior Judgment or Court Settlement in accordance with clause 7, para. 1, Art. 1 of the Act respecting Attachment No. 90/1989 following upon a call for payment in accordance with Art. 7 of the

	<p>said Act. This applies not only to the principal amount, but also all interest, fees and other charges and legal and other costs accrued or that shall be paid by the Borrower under the bonds.</p> <p>The entire indebtedness will also be deemed fallen due if</p> <p>(1) a third party lender has declared any other indebtedness to be or otherwise becomes due as a result of an event of default (cross-acceleration)</p> <p>(2) the Borrower becomes insolvent under Canadian law.</p>
Transferability:	The bonds are freely transferable.
Governing Law:	The bonds are governed by Icelandic law. Any dispute arising in respect of the bonds shall be referred to the Reykjavik District Court pursuant to the rules of Chapter XVII of Act No. 91/1991 on Civil Procedure.
Corporate authorisation:	On 19th of August 2005 Clearwater Finance Inc.'s Board of Directors authorised the management to issue unsecured bonds in the amount of USD 20 to 40 million. The Borrower can at any time decide to issue more bonds in the same class.
Guarantee:	Clearwater Seafoods Limited Partnership, Icelandic ID nr. 690805-9870, according to a board resolution dated as of 4 th of August 2005, guarantees the due and punctual observance and performance of all the terms, conditions and covenants on the part of the Issuer contained in this description and agrees to pay from time to time on demand any and every sum or sums of money which the Issuer is at any time liable to pay under the bonds.

2.3 Fringe benefits associated with the bonds, their calculation and utilization.
n/a

2.4 Taxes on revenue from the bonds withheld in the country of origin and/or the country of registration. It shall be stated whether the issuer guarantees that taxes are withheld or not.
The treatment of the bonds for tax purposes is subject to current legislation at any time.

The Issuer pays any stamp duty and other public fees in Iceland in connection with the bond issue, but not in respect of trading in the secondary market, except to the extent by reason of operation of applicable laws, and shall deduct any applicable withholding tax deductible pursuant to Canadian law.

The issuer will not withhold capital gains tax on interest payments; cf. the first paragraph of Article 3 of Act. No. 94/1996, on Capital Income Tax.

- 2.5 The time limits that apply to the issue.
The bonds are to be issued on 26 September 2005.
- 2.6 Other information regarding the prospective issue or the issuer which the Icelandic Securities Depository deems necessary.
The bonds shall be delivered to Íslandsbanki's account at ISD. ID. No. 550500-3530.

Section 3.

Information about Endorsers of the Prospectus and Audit of Annual Accounts

- 3.1 The names and ID numbers of parties that endorse the issue description.
*Clearwater Finance Inc., corporation no. 616284-3 and CRA Business no. 870517307RC0001.
The Board of Directors: Robert Wight, President, Stan Spavold and Colin MacDonald.*
- 3.2 The names and ID numbers of the issuer's chartered accountants for the past three years.
The auditors of Clearwater Finance are KPMG , LLP, Halifax, Nova Scotia, Canada.

Section 4.

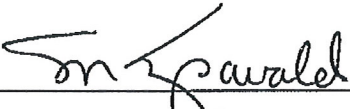
Enclosures with an Issue Description

- 4.1 n/a
- 4.2 A confirmation from an official register of the issuer's and guarantor's existence.
- 4.3 A confirmation that the issuer has made a formal decision regarding the prospective electronic issue, or other data to that effect, such as a confirmed copy of minutes, or a reference to acts and rules that the issue is subject to.
- 4.4 A confirmed copy of a receipt from the county magistrate stating that applicable stamp duties have been paid, where appropriate.
- 4.5 Name of one or more primary brokers (Account Operator) in the event of a new issue or an additional issue as well as a copy of the issuer's contract with the broker.
- 4.6 On request from the Icelandic Securities Depository, a written statement from the Office of the Superintendent of Bankruptcy Canada stating that the company is not undergoing bankruptcy proceedings shall be submitted.

4.7 Other data regarding the prospective issue which the Icelandic Securities Depository finds necessary.

Bedford, Nova Scotia,
23 September 2005


On behalf of Clearwater Finance Inc.,



DIRECTOR

CLEARWATER FINANCE INC.

Witnesses to correct date and signature

 CAN PASSPORT JM 200439

Signature and ID. No.

Signature and ID. No.

Reykjavik, 23 September 2005

On behalf of the Arranger



Íslandsbanki hf.